

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
ARNOLD SCHWARZENEGGER, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
GOVERNOR'S BUDGET
FISCAL YEAR 2006-07**

JANUARY 2006

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2006-07
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) proposed budget for Fiscal Year (FY) 2006-07 is \$614.6 million. This represents a total decrease of \$551,000 [Exhibit D], as compared to the FY 2005-06 Budget Act appropriation of \$615.2 million. Of the total \$614.6 million, \$571.4 million (93.0%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$43.2 million (7.0%) is for State Support [Exhibit A]. The proposed budget also includes the continued funding of \$120.0 million State General Fund (SGF) for the Substance Abuse and Crime Prevention Act (SACPA) Program on a one-time basis contingent upon legislative reforms to the program.

POSITION SUMMARY

The FY 2006-07 Governor's Budget includes 325 positions, which represents a net decrease of one position due to the loss of five expiring limited-term positions offset by Budget Change Proposal (BCP) requests for four positions. The BCP requests are in support of Drug Medi-Cal Fraud Deterrence (three positions) and the extension of the federal State Incentive Grant for one year (one position). The Governor's Budget also proposes the continuation of 29.7 positions for the SACPA Program on a one-time basis for FY 2006-07.

GENERAL FUND

ADP's proposed budget includes \$123.2 million (20.0% of the total proposed budget) in SGF for ADP programs [Exhibit B]. This represents a 0.5 percent increase in ADP's SGF as compared to the FY 2005-06 total SGF Appropriation of \$122.6 million primarily due to projected Drug Medi-Cal (DMC) increases [Exhibit D]. Of the \$123.2 million total proposed SGF budget, \$117.8 million (95.6%) is for Local Assistance and \$5.4 million (4.4%) is for State Support [Exhibit C].

The proposed SGF budget includes funding for Non-DMC Regular Discretionary and Non-DMC Perinatal Programs, DMC Regular and DMC Perinatal Programs, the Drug Court Partnership Act, the Comprehensive Drug Court Implementation Act, and the Health Insurance Portability and Accountability Act, which are discussed in more detail later in this document.

General Fund Local Assistance Discretionary

The total proposed SGF budget continues to include \$6.2 million for Non-DMC Regular Discretionary Programs. Of this amount, \$5.8 million is for Local Assistance and the remaining balance of \$413,000 is for State Support [Exhibit C].

General Fund Local Assistance Perinatal

The proposed Local Assistance budget continues to include \$23.5 million for Non-DMC Perinatal Programs [Exhibit C].

Women and Children's Residential Treatment Services

Of the proposed funds for ADP's Perinatal Programs, \$6.4 million continues to fund existing residential perinatal treatment programs started through federal Center for Substance Abuse Treatment grants. These expired grants are now constituted as Women and Children's Residential Treatment Services.

Drug Court Partnership (DCP) Act Program

The proposed budget continues to include \$7.8 million for the DCP Act of 2002. Of this amount, \$7.6 million is for Local Assistance and the remaining balance of \$244,000 is for two positions in State Support [Exhibit C]. The focus of DCP activities continues to be exclusively on felons.

Comprehensive Drug Court Implementation (CDCI) Act Program

The proposed budget continues to include \$9.1 million for the CDCI Act. Of this amount, \$8.9 million is for Local Assistance and the remaining balance of \$175,000 is for two positions in State Support [Exhibit C].

DRUG MEDI-CAL**Drug Medi-Cal (DMC) Program**

The DMC program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon the DMC Fall Estimates for FY 2006-07 developed by ADP's Office of Applied Research and Analysis, the proposed Local Assistance budget reflects \$63.2 million in DMC SGF (\$60.8 million Regular and \$2.4 million Perinatal) and \$57.9 million (\$55.5 million Regular and \$2.4 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Services [Exhibit C]. Compared to the FY 2005-06 Budget Act, this represents a SGF increase of \$395,000

and an FFP increase of \$1.6 million due to projected caseload and unit of service increases. The DMC Fall Estimates for FY 2006-07 were calculated using the approved DMC rate caps authorized in the Budget Act of 2005.

The Federal Medi-Cal Assistance Percentage (FMAP) is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2006-07, the FMAP continues to be 50 percent.

The proposed budget for State Support includes \$3.7 million in SGF and \$3.7 million in FFP reimbursement for DMC program support [Exhibit C].

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

This proposed budget includes \$1.8 million (\$0.8 million SGF and \$1.0 million Reimbursements) in State Support for HIPAA [Exhibit C].

SUBSTANCE ABUSE TREATMENT TRUST FUND (PROPOSITION 36)

The proposed budget maintains the State General Fund transfer of \$120.0 million to the Substance Abuse Treatment Trust Fund (SATTF) in support of Proposition 36 activities [Exhibit B]. These funds are authorized on a one-time basis for FY 2006-07 conditioned upon the Legislature passing reforms to the program. Of the total proposed SATTF budget, \$116.5 million (97.1%) is for Local Assistance and \$3.5 million (2.9%) is for State Support [Exhibit C].

FEDERAL FUNDS

The proposed budget includes \$288.3 million in Federal Trust Funds, which represents 46.9 percent of ADP's total proposed budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The proposed budget includes \$262.4 million for the Substance Abuse Prevention and Treatment (SAPT) Block Grant [Exhibit C]. Of this \$262.4 million, \$2.0 million continues to be transferred to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$260.4 million SAPT dollars consist of \$241.8 million for Local Assistance and \$18.6 million for State Support [Exhibit C].

SAPT Maintenance of Effort (MOE) Requirement

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

ADP's proposed budget includes \$257.4 million in non-federal expenditures, which is sufficient to meet the State's SAPT MOE requirement of \$251.4 million for FY 2006-07. The State's ability to meet the SAPT MOE requirement in FY 2007-08 is contingent upon the continued reauthorization of Proposition 36.

Substance Abuse Treatment and Testing Accountability (SATTA) Program

The proposed budget continues to include \$8.6 million in SAPT Block Grant funds for the SATTA Program. The SATTA Program provides funding for drug testing for clients treated under the Substance Abuse and Crime Prevention Act of 2000 and can also be used for any other purpose consistent with federal SAPT Block Grant requirements.

Safe and Drug Free Schools and Communities (SDFSC) Grant

The proposed budget includes \$12.5 million for the Safe and Drug Free Schools and Communities (SDFSC) Grant. Of this amount, \$10.3 million is for Local Assistance and \$2.2 million is for State Support [Exhibit C].

Screening, Brief Intervention, Referral, and Treatment (SBIRT) Grant

The proposed budget continues to include \$3.5 million for the SBIRT Grant. The SBIRT Program provides alcohol and other drug (AOD) screening, brief intervention, referral, and treatment and extends the State's current continuum of care for AOD clients. The proposed budget includes \$3.4 million in Local Assistance, with the remaining \$76,000 in State Support [Exhibit C].

Access to Recovery (ATR) Grant

The proposed budget continues to include \$7.6 million in Federal Expenditure Authority for the ATR Grant, implemented as the California Access to Recovery Effort (CARE) to assist young people in Los Angeles and Sacramento Counties in need of substance abuse treatment. This grant increased substance abuse treatment capacity by implementing a voucher program that expands access to a comprehensive array of clinical alcohol and other drug treatment and recovery services (including faith-based treatment options). The proposed budget includes \$6.4 million in Local Assistance and \$1.2 million in State Support [Exhibit C].

Ecstasy and Other Club Drugs Grant

The proposed budget continues to include \$292,000 in Federal Expenditure Authority for the Ecstasy and Other Club Drugs Grant. This grant provides prevention and intervention services, as well as mentoring to at-risk middle school and high school students to reduce the risk of early onset experimentation and use of gateway and club drugs. The proposed budget includes \$272,000 in Local Assistance and \$20,000 in State Support [Exhibit C].

State Incentive Grant

The proposed budget includes \$3.6 million for the State Incentive Grant. Of this amount, \$3.4 million is for Local Assistance and \$187,000 is for State Support [Exhibit C].

INDIAN GAMING SPECIAL DISTRIBUTION FUND

The proposed budget continues to include \$3.0 million in State Support from the Indian Gaming Special Distribution Fund to implement a problem gambling prevention program [Exhibit C].

MENTAL HEALTH SERVICES FUND (PROPOSITION 63)

The proposed budget continues to include \$250,000 in State Support from the Mental Health Services Fund in support of the Mental Health Services Act (Proposition 63) [Exhibit C]. Activities include establishing collaborative mental health and AOD services within ADP.

DEPENDENCY DRUG COURT PROGRAM

The proposed budget reflects the expiration of the \$1.8 million one-time funding from the Department of Social Services' (DSS) federal Promoting Safe and Stable Families funds [Exhibit D] for the Dependency Drug Court Program.

SUBSTANCE ABUSE SERVICES FOR INDIAN HEALTH CLINICS

The proposed budget continues to include \$2.1 million to fund substance abuse services in Indian Health Clinics. These funds are a reimbursement from DSS. The proposed budget includes \$1.9 million in Local Assistance and \$157,000 in State Support [Exhibit C].

WELFARE REFORM – CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

The proposed budget for DSS continues to include \$48.87 million SGF for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work or retain employment over a long period of time. The CalWORKs SGF for substance abuse will continue to be specifically identified in DSS' county allocation.

EXHIBIT A

Department of Alcohol and Drug Programs Governor's Budget Fiscal Year 2006-07

Budget By Category

(\$ In Millions)

**Total Governor's Budget
\$614.6**

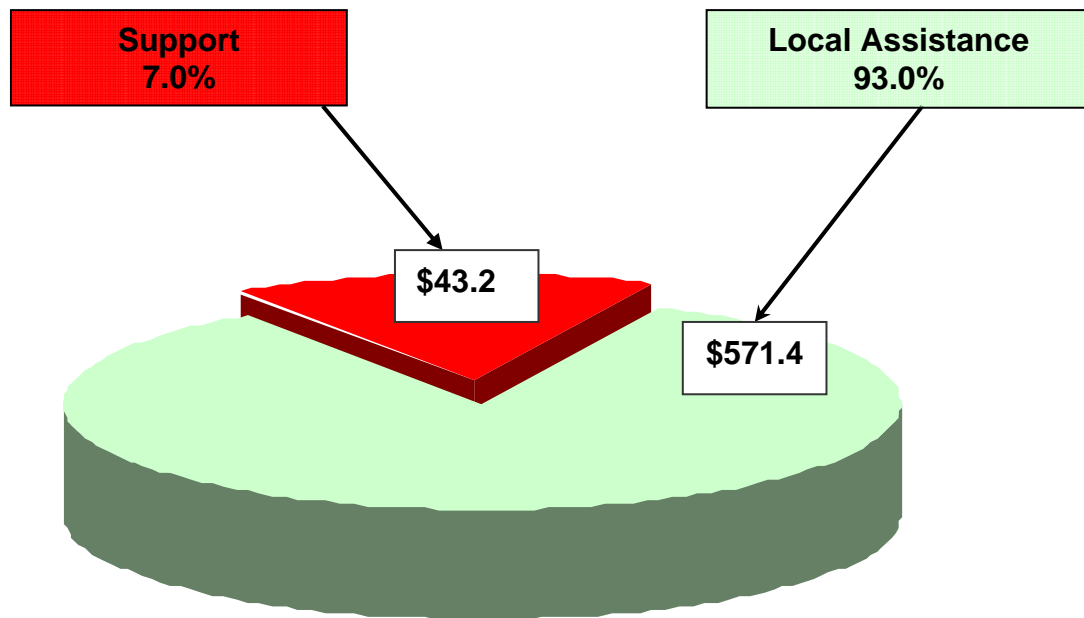
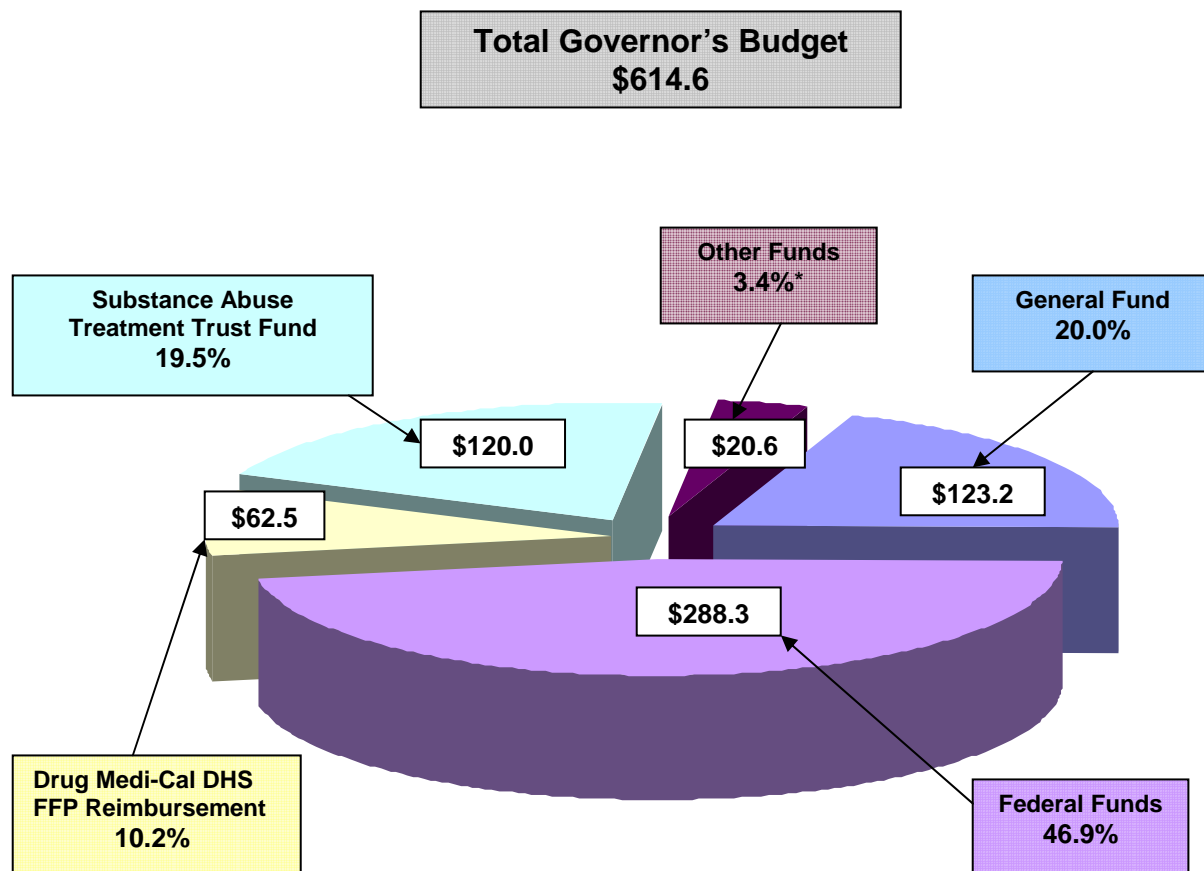


EXHIBIT B

Department of Alcohol and Drug Programs Governor's Budget Fiscal Year 2006-07

Budget By Fund Source

(\$ In Millions)



* "OTHER FUNDS" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, MENTAL HEALTH SERVICES FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE DEPARTMENT OF SOCIAL SERVICES REIMBURSEMENT CONTRACT, THE DEPARTMENT OF CORRECTIONS AND REHABILITATION REIMBURSEMENT CONTRACT, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C
Department of Alcohol and Drug Programs
Governor's Budget
FISCAL YEAR 2006-07
(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$5,357	\$117,830	\$123,187	20.04%
Non-Drug Medi-Cal Regular	\$413	\$5,768	\$6,181	1.00%
Non-Drug Medi-Cal Perinatal	\$0	\$23,457	\$23,457	3.82%
Drug Medi-Cal Regular	\$3,478	\$60,800	\$64,278	10.45%
Drug Medi-Cal Perinatal	\$215	\$2,430	\$2,645	0.43%
HIPAA	\$832	\$0	\$832	0.14%
Drug Court Partnership Act	\$244	\$7,600	\$7,844	1.28%
Comprehensive Drug Court Implementation Act	\$175	\$8,875	\$9,050	1.47%
Parolee Services	\$0	\$8,900	\$8,900	1.45%
Substance Abuse Treatment Trust Fund (Prop 36)	\$3,486	\$116,514	\$120,000	19.52%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,606	\$0	\$1,606	0.26%
Narcotic Treatment Program Licensing Trust Fund	\$1,124	\$0	\$1,124	0.18%
Indian Gaming Special Distribution Fund	\$3,044	\$0	\$3,044	0.50%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.01%
Mental Health Services Fund (Prop 63)	\$250	\$0	\$250	0.04%
Federal Trust Fund	\$22,724	\$265,567	\$288,291	46.90%
Substance Abuse Block Grant	\$20,642	\$241,739	\$262,381	42.69%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.33%
Safe and Drug Free School	\$2,170	\$10,329	\$12,499	2.03%
Uniform Data Systems	\$321	\$0	\$321	0.05%
State Data Infrastructure Grant	\$100	\$0	\$100	0.02%
State Incentive Grant	\$187	\$3,400	\$3,587	0.58%
Access to Recovery Grant	\$1,208	\$6,384	\$7,592	1.24%
Ecstasy Grant	\$20	\$272	\$292	0.05%
SBIRT Grant	\$76	\$3,443	\$3,519	0.57%
Resident Run Housing Revolving Fund	\$0	\$39	\$39	0.01%
Reimbursements	\$5,571	\$71,461	\$77,032	12.54%
DSS: Substance Abuse Svs. For Indian Health Clinics	\$157	\$1,943	\$2,100	0.34%
DHS: Drug Medi-Cal Regular	\$3,478	\$55,437	\$58,915	9.59%
DHS: Drug Medi-Cal Perinatal	\$215	\$2,429	\$2,644	0.43%
DHS: HIPAA	\$961	\$0	\$961	0.16%
CDC: Parolee Services Network	\$476	\$10,707	\$11,183	1.82%
Other	\$284	\$945	\$1,229	0.20%
TOTALS	\$43,229	\$571,411	\$614,640	100.00%

EXHIBIT D
Department of Alcohol and Drug Programs
Comparison
FY 2005-06 vs. FY 2006-07
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2005-06 BUDGET ACT	FY 2006-07 GOVERNOR'S BUDGET	DIFFERENCE
General Fund	\$122,630	\$123,187	\$557
Non-Drug Medi-Cal Regular	\$6,181	\$6,181	\$0
Non-Drug Medi-Cal Perinatal	\$23,457	\$23,457	\$0
Drug Medi-Cal Regular	\$63,614	\$64,278	\$664
Drug Medi-Cal Perinatal	\$2,753	\$2,645	-\$108
HIPAA	\$831	\$832	\$1
Drug Court Partnership Act	\$7,844	\$7,844	\$0
Comprehensive Drug Court Implementation Act	\$9,050	\$9,050	\$0
Parolee Services	\$8,900	\$8,900	\$0
Substance Abuse Treatment Trust Fund (Prop 36)	\$120,374	\$120,000	-\$374
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,601	\$1,606	\$5
Narcotic Treatment Program Licensing Trust Fund	\$1,321	\$1,124	-\$197
Indian Gaming Special Distribution Fund *	\$3,240	\$3,044	-\$196
Audit Repayment Trust Fund	\$67	\$67	\$0
Mental Health Services Fund (Prop 63)	\$248	\$250	\$2
Federal Trust Fund	\$288,598	\$288,291	-\$307
Substance Abuse Block Grant	\$262,366	\$262,381	\$15
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0
Safe and Drug-Free Schools	\$12,408	\$12,499	\$91
Uniform Data Systems	\$321	\$321	\$0
State Data Infrastructure Grant	\$100	\$100	\$0
State Incentive Grant	\$4,000	\$3,587	-\$413
Access to Recovery Grant	\$7,592	\$7,592	\$0
Ecstasy Grant	\$292	\$292	\$0
SBIRT Grant	\$3,519	\$3,519	\$0
Resident Run Housing Revolving Fund	\$39	\$39	\$0
Reimbursements	\$77,073	\$77,032	-\$41
DSS: Substance Abuse Svs. For Indian Health Clinics	\$2,100	\$2,100	\$0
DSS: Dependency Drug Court	\$1,800	\$0	-\$1,800
DHS: Drug Medi-Cal Regular	\$57,048	\$58,915	\$1,867
DHS: Drug Medi-Cal Perinatal	\$2,753	\$2,644	-\$109
DHS: HIPAA	\$960	\$961	\$1
CDC: Parolee Services Network	\$11,183	\$11,183	\$0
Other	\$1,229	\$1,229	\$0
TOTALS	\$615,191	\$614,640	-\$551

*FY 2005-06 Budget Act includes a one-time reappropriation of \$200,000 for culturally competent literature on problem gambling.